



What are the financial results of foreign business in Russia in 2023, and have exit rates slowed down?

Analytical note of KSE Institute

Prepared by:

Olexiy Grybanovskyi, Andrii Onopriienko, Nataliia Rybalko

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Key Findings

- **Dynamics of Indicators:** The financial indicators of foreign businesses in Russia in 2023, analyzed for the first time in this policy brief, finally allow us to observe revenue and profit dynamics.
- **Exit of Foreign Companies:** Since the full-scale invasion of Ukraine, the number of foreign companies with assets in Russia has decreased from 1,510 to 1,131. Many companies sold their assets to local or foreign owners or liquidated their branches.
- **Decrease in Revenue:** The total revenue of foreign companies in Russia fell from USD 318 billion in 2021 to USD 193 billion in 2023, marking a loss of USD 125 billion over two years.
- **Stable Profit:** Despite falling revenues, profits remained largely unchanged (\$18.4 billion in 2021 versus \$16.7 billion in 2023).
- **Profit Tax:** At the same time, the profit tax paid by foreign companies in the Russian Federation has even increased from USD 5.4 billion in 2021 to USD 6.4 billion in 2023, attributed to the increased tax pressure.
- **Strategic Differences:** Companies remaining in Russia lost less revenue (from USD 136 billion to USD 129 billion) than those that either declared their intent to exit or completed their exit. At the same time, their profits grew significantly, indicating benefits from a less competitive environment.
- **Economic Sectors:** The largest revenue decline occurred in the consumer cyclical sector, where revenue dropped from USD 131 billion to USD 55.9 billion over two years. However, the highest profits were recorded in consumer cyclical, consumer defensive, and financial services sectors.
- **Countries of Origin:** Companies from the USA and Germany saw the greatest revenue reductions, while Chinese companies increased their presence in the Russian market. Chinese car brands, in particular, are actively replacing Western manufacturers who exited the market.
- **Opaque Exits:** Some companies, such as Leroy Merlin, claim to exit Russia but, in practice, continue operations through formal asset sales, indicating a lack of transparency and possible schemes to evade responsibility.
- **Impact of Sectoral Sanctions:** Official sanctions, particularly on technology exports, also affect the operations of foreign companies in Russia, which should be considered when analyzing their market behavior.

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Introduction

Starting from February 24, 2022, many multinational companies operating in the Russian Federation announced their intention to exit the Russian market, cease business relations, and halt trade operations in response to Russia's armed aggression against Ukraine. At the same time, some companies ignored the call to suspend normal business operations with Russia.

At the beginning of the full-scale invasion, the “[SelfSanctions / LeaveRussia](#)” project team from the KSE Institute began creating a database of foreign firms with legal entities (LLCs and JSCs) in Russia and collecting key financial indicators of their activities (including the number of employees, revenue, assets, capital, taxes paid, and profits).

In total, we track nearly 4,000 companies, of which about 1,500 had assets in Russia at the start of the full-scale invasion¹.

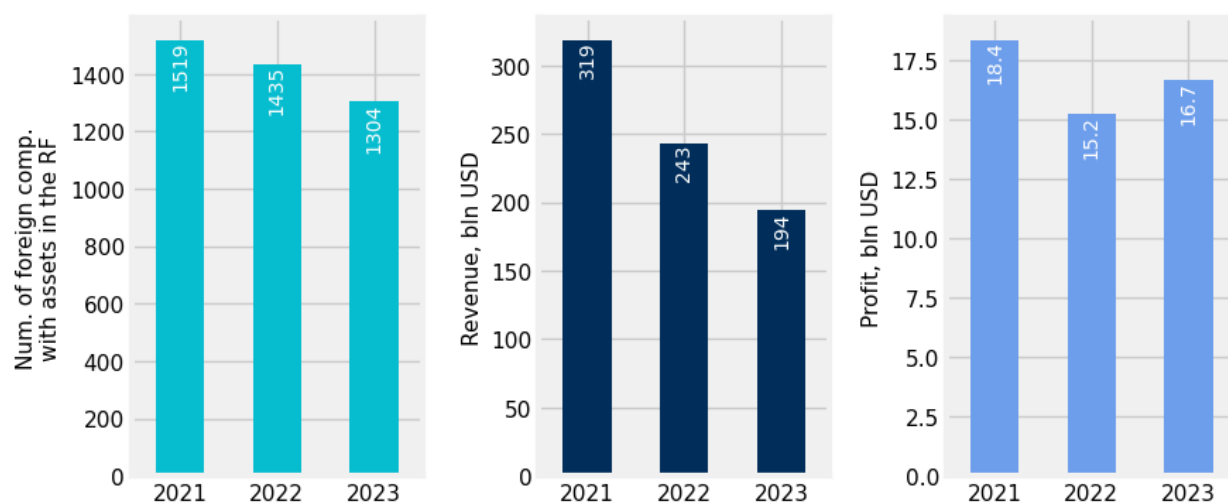
In our previous work titled “[*How the income of foreign businesses in the Russian Federation has changed in 2022 and why so many companies still do not leave*](#),”² we discussed financial results for 2022, the first year after the start of the full-scale invasion.

In this policy brief, we update this information with data for 2023, and for the first time, we can observe the dynamics of foreign business revenue in Russia.

¹ When we analyze # of local companies, # of staff and local financials (such as revenue, capital, assets, taxes paid) - KSE Institute uses data according to RAS from the [official EGRUL register](#) (the only possible way to have publicly available figures on Russian operations), all steps how we do it are explained in details in [the Methodology we published here](#). A key source for local financials is data from the Federal Tax Service of Russia and the Central Bank of the Russian Federation. The latest available consolidated data for each group's largest Russian units reported in line with local accounting standards excluding intragroup eliminations and other IFRS or GAAP adjustments. More details [are available here](#).

² Onopriienko, Andrii and Hrybanovskyi, Oleksii and Shapoval, Nataliia, “How the Income of Foreign Businesses in the Russian Federation has changed in 2022 and why so Many Companies still do not Leave” (May 20, 2023). Available at SSRN: <https://ssrn.com/abstract=4453963> or <http://dx.doi.org/10.2139/ssrn.4453963>

Figure 1. Changes in the number of companies with assets in Russia, their revenue, and profit.



At the start of the full-scale invasion in 2022, based on financial indicators for the previous year, 2021, we estimated that at least 1,500 foreign corporations had significant assets in Russia, controlling over 2,000 local legal entities. By the end of 2023, the number of foreign companies operating in Russia had not significantly declined. This is partly because about half rejected the idea of leaving the Russian market, and others faced difficulties with the physical exit.

Despite this, the "silent sabotage" of operations in Russia is evident when looking at revenue figures, which have consistently and significantly declined in the third year of the full-scale war.

In 2021, the total revenue of all foreign companies in Russia was at the level of USD 318 billion. In 2022, it fell to USD 242 billion, and in 2023, even further, to USD 193 billion. Thus, over two years, Russia missed out on USD 125 billion compared to the pre-war 2021.

The reduction in the number of companies and their revenue has been gradual, unlike profit, which increased from USD 15.2 billion in 2022 to USD 16.7 billion in 2023, although this is still less than the USD 18.4 billion profit recorded in 2021, before the full-scale invasion. Profit is a proxy for the taxes paid, which Russia uses to finance its aggressive war against Ukraine.

Previously, at KSE, we evaluated foreign companies that disclosed their financial statements. These companies paid USD 6.4 billion in profit tax in 2023, which is USD 120 million more than in 2022³.

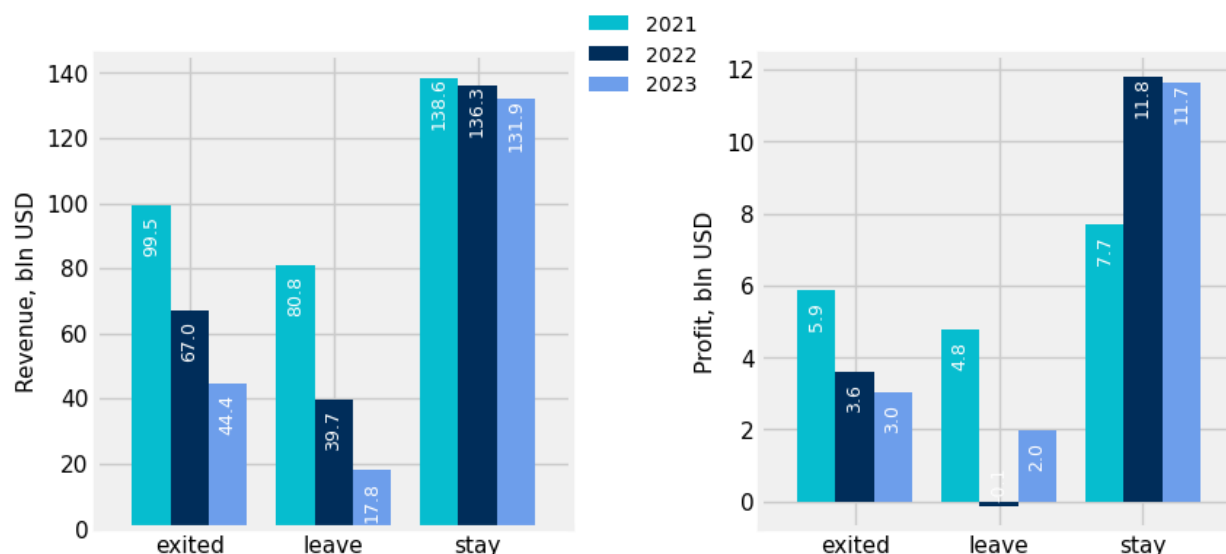
³ KSE Institute (2023) "Over \$1.7 billion in corporate income taxes paid by major foreign companies and banks to Russia's budget last year — KSE Institute report". Available at: <https://kse.ua/about-the-school/news/over-1-7-billion-in-corporate-income-taxes-paid-by-major-foreign-companies-and-banks-to-russia-s-budget-last-year-kse-institute-report/>

Last year, the largest 10 companies paid USD 178 billion in profit tax, an increase of USD 175 million compared to 2022. Among these companies were: Raiffeisen Bank (USD 491 million), Chery Automobile (USD 222 million), Philip Morris (USD 220 million), Japan Tobacco International (USD 182 million), UniCredit Bank (USD 154 million), Pepsi (USD 135 million), Leroy Merlin (estimated USD 125 million), Mars (estimated USD 99 million), Uniper SE (seized by Russia, USD 79 million), and OTP Bank (USD 69 million).

By Status

Let's analyze the same indicators by company status. We classify all companies into three statuses⁴: "stay," "leave," and "exited." It's fairly evident that the businesses that either declared their intention to leave or actually left Russia experienced the greatest revenue decline, in contrast to those foreign companies that decided to continue business in Russia as usual.

Figure 2. Changes in revenue and profit by status.



⁴ - KSE status "leave" - Companies that have published on the company's official website (or their release has appeared in a foreign publication such as FT, NYT, etc.) that are completely shutting down in Russia or companies that have officially announced that they are temporarily reducing operations in Russia
 - KSE status "wait" - Companies that have published on the company's official website (or their release has appeared in a foreign publication such as FT, NYT, etc.) that they are reducing only part of their business operations by continuing to work on other operations or companies that have reported delaying future investment / development / marketing, while continuing their core business. **At the beginning of 2024, we removed the separate status "wait", merging it with status "stay".**
 - KSE KSE status "stay" - Companies that ignore exit / downsizing requirements in Russia, as well as companies that have officially stated that they remain in Russia or news of their exit have not been found
 - KSE status "exited" - Companies that sold their business/assets or its part of the business to a local partner/terminated relations and left the market. Also, for companies that are being liquidated this status is being assigned.

As can be seen, companies with the status “stay” experienced only minor revenue losses, and this process has been smooth since the beginning of 2022. Their revenue fell from USD 138.6 billion in 2021 to USD 131.9 billion in 2023.

In contrast, companies with the status “leave” significantly reduced their revenue. These are the companies that promised to leave but have not yet fully completed the process. Often, they reduce activity, freeze new investments, put their assets up for sale, or await approval from Russian authorities, etc. In total, this group reduced its revenue from USD 80.8 billion to USD 17.8 billion over two years.

The last group — “exited” — comprises companies that definitively exited Russia, either selling their assets or liquidating. Their revenue fell from USD 99.5 billion to USD 44.5 billion, less than that of the companies with status “leave” because new owners often try to restart the acquired assets (if the previous owner exited without liquidating the legal entity).

In our previous analysis, *“Analysis of foreign business exits from Russia”*⁵, conducted in early 2024, we examined about 400 companies that had already sold their assets in Russia. Our calculations suggest that the total value of these transactions amounted to USD 167 billion, considering exchange rates during the transactions. Russia’s ruling business elite is becoming the beneficiary of the departure of Western corporations. Of the 386 legal entities sold by Western companies, 25% were sold to individuals, with almost half of them belonging to local top managers. In 94% of cases, buyers were from Russia, with only a few from friendly countries like China, Turkey, or the UAE.

Regarding profits, for companies with the statuses “leave” and “excited,” profits dropped as sharply as revenue. For “exited” companies, profit amounted to USD 3 billion in 2023 (compared to USD 5.9 billion in 2021). For “leave” companies, profit was USD 2 billion (compared to USD 4.8 billion in 2021). Meanwhile, the profit of companies with the status “stay” remained almost unchanged from the previous year (USD 11.7 billion in 2023 vs. USD 11.8 billion in 2022). However, this is significantly higher than in 2021, before the full-scale invasion of Ukraine (USD 7.7 billion). One possible explanation for this phenomenon is that those who chose to stay benefited from a less competitive environment, as many companies with “leave” and “exited” statuses ceased their operations, marketing budgets, and investments.

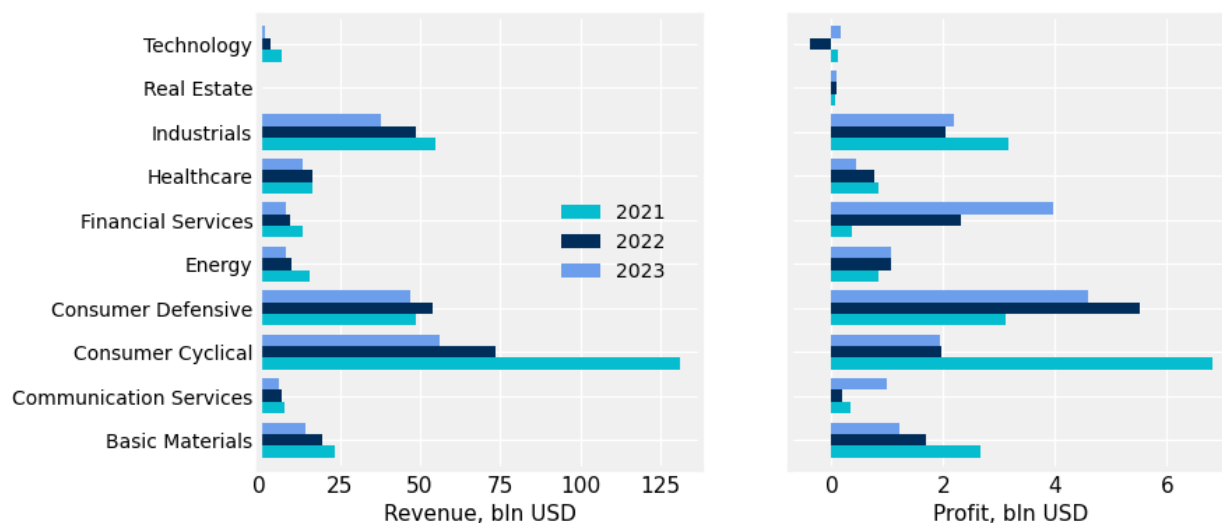
⁵ Onopriienko, Andrii and Shapoval, Nataliia and Ribakova, Elina and Hrybanovskyi, Oleksii and Rybalko, Nataliia and Hilgenstock, Benjamin and Pavytska, Yuliia and Bilousova, Olena, Analysis of foreign business exits from Russia (November 29, 2023). Available at SSRN: <https://ssrn.com/abstract=4648135> or <http://dx.doi.org/10.2139/ssrn.4648135>

By Sectors⁶

There were no major changes in company dynamics, except for the Consumer Defensive sector, which increased revenue in 2022 but saw declines in 2023, similar to all other sectors.

The largest drop in revenue occurred in the Consumer Cyclical sector, from USD 131 billion to USD 55.9 billion over the last two calendar years for which financial results are available.

Figure 3. Changes in revenue and profit by sector.



The biggest profit growth occurred in the Financial Services sector, with USD 0.35 billion, USD 2.31 billion, and USD 3.96 billion in the last three years, respectively. In fact, thanks to Financial Services, we observe high profits for foreign businesses in Russia compared to the pre-war period.

A significant contribution to this came from the Austrian banking group [Raiffeisen](#) and Hungary's [OTP Group](#). Raiffeisen's net profit from Russian operations in 2023 was almost USD 1 billion. Over the past three years, the bank's profit from its Russian operations exceeded the profit from all its other operations worldwide. Other Western banks, under pressure from governments and regulators, were forced to reduce or completely exit the Russian market. Raiffeisen, on the contrary, increased its profit share in Russia. Only in 2024 did the banking group announce that it would start implementing the European Central Bank's (ECB) directive to significantly reduce business in Russia by the third quarter of 2024. After this reduction, RBI is expected to stop issuing new loans to Russians and only wait for repayment of existing loans.

⁶ In our [public database](#) we use classification by industry (about fifty), but for this work they are all grouped into the corresponding widely accepted sectors.

Representatives of the Consumer Defensive sector also saw a significant increase in profits compared to 2021. This primarily concerns food producers who justified their reluctance to cease operations in Russia by the nature of their activities.

Notable representatives of this sector include the American corporations Mondelez and Pepsi.

In March 2022, Mondelez issued the following statement: "*As a food company, we are reducing all non-essential operations in Russia while helping to ensure the continuity of food supply in these challenging times. We will also continue to support our colleagues in the market, who are facing great uncertainty. We will focus on basic offerings, halt all new capital investments, and suspend our advertising expenses. We acknowledge that this is a highly dynamic and disturbing situation, which we will continue to assess and adjust as necessary.*"⁷ Pepsi made a similar statement: "*We are announcing the suspension of Pepsi-Cola and our global beverage brands in Russia, including 7Up and Mirinda. We are also suspending capital investments and all advertising activities in Russia.*"⁸

In reality, neither company followed through on these promises, as evidenced by their financial indicators. Mondelez (USA, Food and Beverages) increased revenue from USD 1 billion to USD 1.4 billion in 2023. Profits rose from USD 170 million to USD 400 million. Mondelez continues to operate three factories in Russia, employing around 3,000 people and "supporting 10,000 farmers." By changing its European leadership team, the company attempted to create an impression of independence for its Russian subsidiary.

Pepsi (USA, Food and Beverages) saw revenue in Russia drop from USD 4.44 billion in 2021 to USD 4.165 billion in 2023, while profits increased from USD 183 million to USD 545 million. The company's 2022 report⁹ stated that the Russian market remains one of its largest. By the end of 2022, Russia became the third-largest international market for PepsiCo after the USA and Mexico. In 2024, PepsiCo launched the first line of a new plant for the production of snacks and salty treats near Novosibirsk, Russia.

⁷ Mondelez International (2022) 'Statement on War in Ukraine', *Mondelez International*. Available at: <https://www.mondelezinternational.com/news/statement-on-war-in-ukraine/>

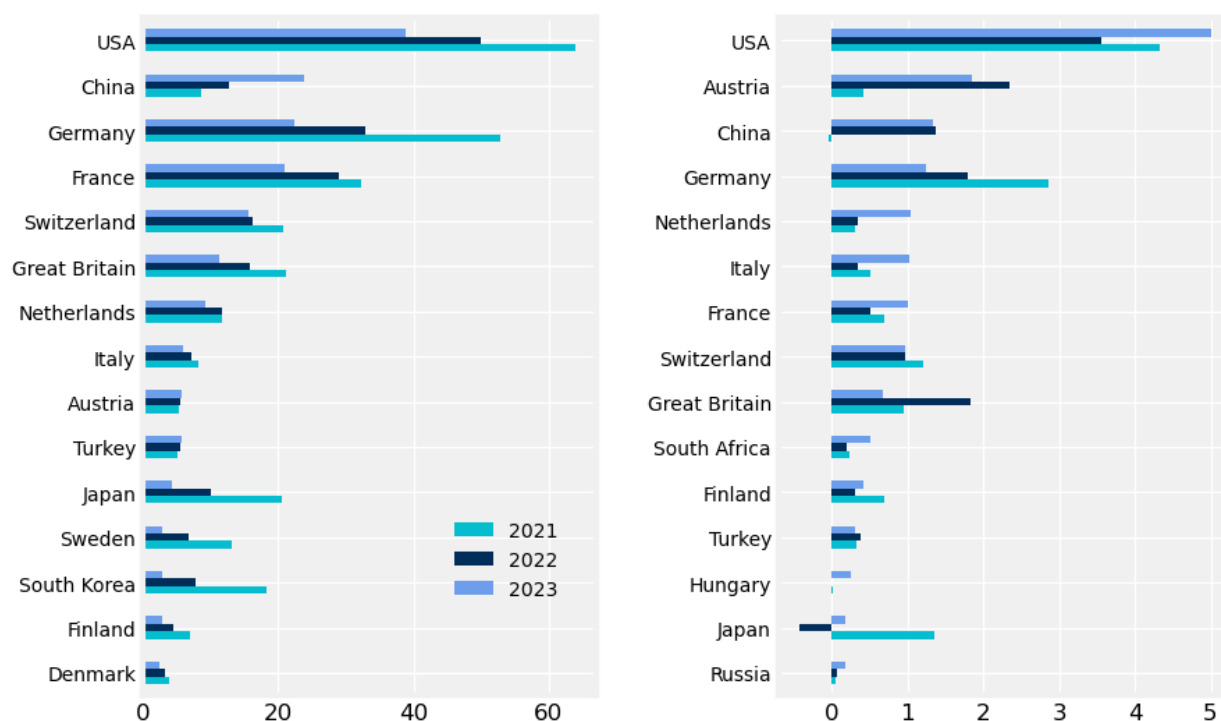
⁸ PepsiCo (2022) 'PepsiCo suspends production and sale of Pepsi-Cola and other global beverage brands in Russia', *PepsiCo*. Available at: <https://www.pepsico.com/our-stories/press-release/pepsico-suspends-production-and-sale-of-pepsi-cola-and-other-global-beverage-brands-in-russia>

⁹ PepsiCo (2022) 'PepsiCo Form 10-K for the fiscal year ended December 31, 2022', *PepsiCo*. Available at: https://investors.pepsico.com/docs/default-source/investors/q4-2022/q4-2022-form-10k_hmielz4d40rd4s16.pdf

By Countries

The greatest revenue reduction was seen among companies from the USA and Germany, while companies from China experienced the largest growth. Profit levels did not fall significantly across countries but rose substantially for companies from Austria (Raiffeisen Group mentioned earlier), the USA (with examples like Mondelez and Pepsi above), and China.

Figure 4. Changes in revenue and profit by the country where the headquarters are located¹⁰.



Chinese companies' profit in 2023 reached USD 1.33 billion, second only to that of companies from the USA.

China has not imposed sanctions on Russia, and its companies are actively benefiting from trade with Russia, including in dual-use goods. Chinese companies have also become beneficiaries of the exit of Western corporations from the Russian market. The most striking example is in the automotive sector (Consumer Cyclical). While Volkswagen finally sold its plant in Russia in May 2023 and left the market, Chinese companies quickly moved in to fill the space left by a dozen Western car brands that halted operations.

For example, the Chinese automotive company Haval Motor (China, Automobile Manufacturing) increased its revenue from USD 0.818 billion in 2021 to USD 3.79 billion in 2023. Another manufacturer, Chery Automobile, saw revenue rise from USD 0.86 billion to USD 6.53 billion.

¹⁰ TOP-15 countries where the headquarters of foreign companies are located, by revenue and profit.

Overall, each of the top three companies selling Chinese brands — Haval, Geely, and Chery — sells over 10,000 cars per month.

Data Reliability

It's important to note that not all individual actions by businesses can be easily categorized into patterns, such as the increase of Chinese companies in Russia or the partial cessation of operations by those with "leave" status. Many companies with "stay" status experienced significant revenue declines but did not sell their divisions, either because it's challenging or because they haven't invested in their operations, leading to a degradation of activity while formally remaining in Russia. The same applies to firms that do not publicly communicate their status or those from the public sector with smaller or medium-sized investors.

For instance, Leroy Merlin (France, Consumer Goods) announced its departure from Russia in March 2023, marking the end of its 18-year presence. However, in December 2023, the Russian Unified State Register of Legal Entities (EGRUL) reported that the UAE-registered Scenari Holding LP became the primary owner of "Leroy Merlin Vostok". In 2024, French newspaper *L'Express* conducted an investigation revealing that Leroy Merlin had signed a purely technical agreement to sell its core business in Russia (to Scenari Holding LP, registered in the UAE). However, the same General Director (Laurent Defassie) from 2019 continued to lead the company. Leroy Merlin also signed new contracts with Russian government agencies, including the Ministry of Internal Affairs, and extended its trademarks with Rospatent until 2031. Additionally, as *L'Express*¹¹ discovered, Scenari Holding LP had the same General Director as in Russia, which indicates the use of a tax optimization scheme often referred to as layering.

Ultimately, while this project focuses on self-sanctions or self-restrictions voluntarily adopted by companies, it's important not to forget the impact of official sectoral sanctions, which also affect company behavior and income. A good example is oilfield service companies that reduce revenue not because they voluntarily exit the Russian market but due to restrictions on technology exports to Russia.

¹¹ L'Express (2023) 'Leroy Merlin en Russie: nos révélations, montages opaques, faux départ et contrats avec l'État', *L'Express*. Available at: <https://www.lexpress.fr/monde/leroy-merlin-en-russie-nos-revelations-montages-opaques-faux-depart-et-contrats-avec-let>

Conclusions and Recommendations

Overall, the results confirm that global companies' profitability was not significantly impacted after they announced either continued business or exit from Russia following the start of the conflict (Balyuk and Fedyk, 2023)¹². Thus, the changes in revenue we observe in Russia are largely a local phenomenon, with little effect on the overall financial picture of their shareholders. One possible reason is that foreign shareholders are prohibited from withdrawing capital from Russia if they are from so-called "unfriendly" countries. This term was coined by the Kremlin to denote countries that condemn Russia's aggression against Ukraine and impose sanctions.

Therefore, there is currently no clear data on the effect of continuing business in Russia, apart from the theoretical possibility of direct investment losses and corresponding asset write-offs.

In any case, after more than two years since the full-scale invasion, we can see that the potential for exits is gradually being exhausted in markets where companies had already declared their intention to leave or have exited (with revenue falling significantly and high profits likely being a temporary phenomenon). Among the nearly half of the companies with "stay" status, business activity remains at pre-war levels.

The further potential for exits may only be realized through sectoral sanctions and should not rely solely on companies' self-restrictions. However, this will not affect the majority of companies operating in consumer markets (such as Pepsi, Mondelez, Nestle — although there may be exceptions, as seen recently with Unilever, which finally received approval from the Russian government to sell its business in the country). Most of these companies appear to have definitively ruled out the option of ever leaving the Russian market, having observed that companies that chose to act against Russia (Joseph J. French, Constantin Gurdgiev, Seunggho Shin, 2023)¹³ after the start of the Russia-Ukraine war experienced an average trend of declining cumulative abnormal returns (CAR). Furthermore, the stronger the actions taken against Russia, the more negative the average CAR. These findings contradict the initial idea that investors reward strong ESG actions at the firm level and that such actions are resilient to firm choices and event windows.

¹² Balyuk, Tetyana and Fedyk, Anastassia, Divesting Under Pressure: U.S. Firms' Exit in Response to Russia's War Against Ukraine (March 1, 2023). *Journal of Comparative Economics*, Forthcoming, Available at SSRN: <https://ssrn.com/abstract=4097225> or <http://dx.doi.org/10.2139/ssrn.4097225>

¹³ French, J.J., Gurdgiev, C. and Shin, S. (2023) 'Foreign Business Exits from Russia and Financial Impact: ESG or Economic Sanctions?', *International Review of Financial Analysis**. Available at: <https://www.sciencedirect.com/science/article/abs/pii/S1544612323008401>